

Conclusion

Loosening Constraints and Changing Culture: The Potential for Reform

This concluding chapter briefly recaps the major findings of the research reported here and then draws some conclusions from them, both for individual managers and for those attempting to reform the whole system of bureaucratic constraints described in these pages.

It should come as no surprise to any observer of the federal government that managers' complaints about the excessive level of constraint are pervasive. This research has documented many of these constraints, particularly in the area of personnel management. Further, it has shown how interaction between the civil service system and the budget process sharply limits managerial discretion in such areas as hiring and setting pay.

We have also looked at the techniques managers use to cope with these constraints. In some cases, managers have been creative and aggressive, and have successfully navigated the system to meet their goals. In the Introduction to this work, we looked at three responses to bureaucratic constraint. Using the terms employed there, we have found that significant numbers of managers are, indeed, "creative copers." But even these managers found that their success came with a cost; the time and energy required to work within or around the system were significant, and most managers would be quite happy not to have to pay these transaction costs.

It is also true that some managers fit the image of "the manager as Gulliver," hemmed in and limited by a system they do not quite understand. In certain cases, their problems stem not just from the complexity of a rulebound system but also from their lack of knowledge and their narrow definition of their managerial role. But in

other cases, managers have made considerable efforts to push against the system and have failed. Some of these people have crossed the line and become what I termed "demoralized managers," going through the motions and waiting for the day they can retire.

This research also demonstrates the power of organizational culture. Agency cultures differ, sometimes sharply, and these differences affect management style and managerial strategies for coping with constraints. It is clear that managers at EPA and, to some extent, in the Navy are more likely to fit into the creative copier category than those in the two Department of Agriculture sites. This does not necessarily mean that they are better managers but rather that the level of tolerance, or even encouragement, of such a management style is greater in their agencies. Similarly, differences in the cultures and role definitions of agency personnel offices affect managers' ability to navigate the complexities of the civil service system, both through the level of technical support given and via the cues personnelists provide about organizational norms of behavior.

Finally, we have looked at the practice of managing the budget indirectly, through use of the position classification system to keep pay levels down and through use of ceilings and freezes to regulate the size of the workforce. It is clear from these findings that indirect budget controls cause a number of problems: they limit managers' discretion and cause dysfunctional distortions that may actually raise costs as managers attempt to game the system to get around the controls.

We look now at some of the implications of these findings—for managers, for agency leadership, and for those attempting to reduce the level of bureaucratic constraint throughout the system.

Improving Management: Changing the Rules or Changing the Managers?

The results of the research presented here have a direct bearing on how we think about the quality of management in the public sec-

tor. The implication is not that managers who do not cope with constraints creatively are incompetent. In fact, the majority of managers interviewed for this study were outstanding in their jobs, caring and thoughtful in their approaches to the challenges they faced. In the term used by Norma Riccucci (1995), many of these individuals are "unsung heroes." But there is certainly room for improvement in some areas. This study was not intended to be an assessment of the quality of managers, either individually or by agency. As we saw in Chapter Two, other studies have concluded that, overall, the quality of first-line supervisors in the federal government is relatively high. The typical recommendations for improvement of management quality focus on modifying the selection criteria for new managers and on providing more training, particularly training tailored to managers' needs (U.S. Merit Systems Protection Board, 1992a). These changes would be an important first step. This research has documented the continuing tendency to promote the best technicians into supervisor jobs without much effort to determine their supervisory potential; it has also revealed inadequacies in training, particularly training for new supervisors and specific training in the complexities of the civil service system. This research therefore supports the conclusions of the Merit Systems Protection Board (1992a) that "perhaps because of time or budget constraints, many first-line supervisors are placed in situations without the necessary skills to perform the tasks required of them" (p. 30).

Attention to both selection criteria and training will be even more important if significant deregulation of the system occurs. As the director of human resources management for one federal agency put it: "The requirement [in the future] will not be as much to know the rules of the system, how to apply them, or how to beat them, but rather the ability to work in a more ambiguous, unstructured situation. . . . We will need to select managers who are not so control-oriented, but are . . . more comfortable with change, flexibility, and accountability for results in fluid situations" (Stroud,

1994, p. 5). Current managers will also need retraining. As Stroud acknowledged, "It would be a mistake to assume that managers who have been working effectively in the more structured, regulated situation of the past will naturally make the transition to a situation that provides more choices" (p. 5).

But changing selection criteria and training is the responsibility of the agency, not of individual managers. What are the lessons here for managers themselves? Should they all take the more extreme creative copers as role models and aggressively challenge the system, going around it whenever it gets in their way? What are the practical and ethical boundaries of appropriate behavior?

First, it is evident from this research that managers are limited not just by formal rules and regulations but by the norms of acceptable behavior in their organizations. These norms often reflect the deepest values inherent in the organizational culture and have evolved over years. People joining the organization—and insiders, too—typically find out about norms when they unwittingly violate them, a phenomenon that was evident in this research. In Chapter Five, for example, we encountered a manager, relatively new to his organization, who ran up against an organizational norm to "use kid gloves, be nice to the person." Managers who overstep organizational norms are likely to fail or, at least, to be perceived as troublemakers.

Some of the strategies used by creative copers also present ethical dilemmas for individual managers. Certainly, some managers appear Machiavellian, taking actions that are clearly illegal or at least in a gray area of legality. They would argue that pursuit of legitimate goals justifies bending (if not breaking) the law. Individual managers need to decide not only what their agencies will tolerate but how far they, as ethically responsible individuals, should go in violating the spirit if not the letter of the merit system through such strategies as "wiring" searches or creating turkey farms.

This research also makes clear that the way individual managers define their role makes a difference in their response to constraints. Role definitions differed somewhat across agency lines; neverthe-

less, most managers would be well-advised to consider how they choose to balance the different aspects of the job of management. The version of the competing values model presented in Chapter Two is helpful in this regard, presenting in graphic form the key functions of management. It has been used to structure management texts (Quinn, Faerman, Thompson and McGrath, 1990; Faerman, Quinn, Thompson, and McGrath, 1990) and has also been incorporated in management training programs (Giek and Lees, 1993; Thompson, 1993; Sendelbach, 1993). Some agencies have even linked the model to their systems of performance appraisal, with strengths and areas for improvement identified in terms of the competing values roles and linked to training and development (Giek and Lees, 1993). As an individual diagnostic tool, it can help managers gain a better understanding of their own strengths and weaknesses, and also of the fit or lack of fit between their management style and their organization's culture. But whatever formal tool they use, many managers would benefit from a better understanding of how to balance all the conflicting demands of the management role.

Prospects for Deregulation

The findings reported in this book also bear directly on the desirability of reforming the system of controls within which managers work. There is strong support among managers for deregulation and simplification of the systems for hiring, firing, and paying their employees and for giving managers a more direct voice in all these operations. It is clear that all these systems both add to the frustration level of managers and increase the costs of government operation. Further, the linkage between the civil service system and the budget process—in particular, the indirect control of budget levels via staffing levels—adds another layer of inefficiency to the system and may actually increase rather than decrease costs.

As we have seen throughout this book, many of the specific

reforms proposed by the National Performance Review directly address managers' concerns. These reforms include streamlining and decentralizing the hiring process, shortening the period needed to fire poor performers, simplifying the classification process and giving line managers classification authority, and abandoning the use of FTE ceilings. But these reform proposals raise questions in three areas: the political prospects of reform, ethical implications, and the linkage of reform of the formal systems to culture changes. Let us look briefly at each.

Political Issues in the Reform Process

While the National Performance Review (NPR) report set forth an ambitious reform agenda, this was only the first step. The more difficult steps will be selling these reforms both to Congress and to the American people, getting legislation passed, and then implementing the provisions of the new law. Each of these steps is problematic. To understand why, we need to return to an issue raised in the Introduction: why these formal rules and regulations were developed in the first place and what purpose they serve. As we saw, in the cases of both the civil service system and the procurement process, the complex system of formal controls has evolved primarily as a way to prevent abuse—that is, manipulation of the system for political or personal gain. While these controls have worked imperfectly, as the occasional scandals attest, they nonetheless provide some protection and, at the same time, serve the important symbolic functions of articulating clear standards of behavior and assuring the American people that their government will treat them fairly. Other controls, particularly within the budget process, are designed for a different purpose—as a mechanism of policy control. Both Congress and the president—through the Office of Management and Budget (OMB)—allocate resources in accordance with their policy priorities. Here, too, controls sometimes serve symbolic functions; as we have seen, use of FTE con-

trols on the federal workforce is a response to the political need to stand up to "big government."

Finally, external controls are imposed to enforce what Wilson (1989) terms "contextual goals"—that is, goals that are secondary to the central function of the organization. Often, these relate to process. In the personnel area, they include the values of fairness and openness in hiring, fairness and due process in dealing with problem employees, and affirmative-action goals, among others. As Wilson points out, "Equity is more important than efficiency in the management of many government agencies" (p. 132).

The political environment within which reform is being considered is complex. On the one hand, the pervasive negative views of government and antibureaucratic sentiment that fueled the Perot movement in 1992 would appear to lend support to "good government" reform proposals. Indeed, polls showed that the "Reinventing Government" initiative was very popular and that voters favor making government more efficient, not just cutting its size (Osborne, 1995). On the other hand, those who mistrust government officials may not be so supportive of deregulation that gives those officials more discretion.

The stunning Republican electoral victory in 1994 changed the political environment for reform in several ways. First, it increased the emphasis on reducing the size of government and the number of federal workers. Initial proposals were breathtaking. Senator William Roth, the chair of the Government Operations Committee, was quoted as saying that the federal workforce and overhead expenses could be cut by as much as 40 percent and the number of agencies could be reduced by half (Harris, 1995). Rather than resisting cuts, the administration made identifying further cuts the main focus of a new phase of reinvention, which began with a request to agencies to answer such questions as what would happen if their agency were eliminated (Rivenbark, 1995a). In short, because it sharply intensified the focus on cutting, the election may have further deflected attention away from deregulation.

Second, the election changed the political equation and, probably, the administration's reform strategy. Prior to the election, the administration had apparently made a strategic decision to combine the main reform issues into a single comprehensive legislative package and to rely heavily on union support for passage. It is clear that the unions were among the big losers in the election. The loss of a Democratic majority in both houses meant that the unions' congressional allies could no longer block legislation that the unions opposed. The effects were immediate. Unions were reported to be incensed because a draft version of civil service reform legislation circulated by the administration immediately after the election left out labor-management partnership and other labor issues (Harris, Dec. 26, 1994).

Overall, the prognosis for passage of legislation significantly deregulating the civil service system remains unclear. Republicans have traditionally been supportive of reform efforts that apply private sector models to government with the goal of improving efficiency (Romzek and Dubnick, 1994). But recent years have seen an increase in micromanagement by Congress, both of substantive issues and of process. Divided government, with the Republicans controlling Congress and Democrats the administrative branch, may reduce support for deregulation. Congress may not have incentives for permitting deregulation that gives greater discretion to a Democratic administration and results in a net loss of congressional power, even if the result is likely to be increased efficiency.

But not all changes require congressional action. Some steps to deregulate the personnel process have already been taken. In 1994, the Office of Personnel Management (OPM) abolished the old 10,000-page *Federal Personnel Manual* (FPM) and replaced it with a streamlined 1,000-page version. OPM also eliminated mandatory use of the SF-171 for job applicants and allowed agencies to accept résumés, agency-specific forms, or new short forms developed by OPM. And OPM was actively considering other changes it could

implement without legislation (Rivenbark, 1995b). Indeed, some have faulted the administration for moving too quickly. Problems may be encountered in implementing deregulation if agencies choose to reregulate—for example, by moving pertinent sections of the FPM into agency regulations.

Ethical Issues in Reform

As we have seen, one of the reasons deregulation may be a hard sell politically is the fear that managers will misuse the broader authority they are given. The issues here go to the heart of a debate within the field of public administration, going back more than fifty years, over the efficacy of internal versus external controls. The civil service system was built on the belief that external controls, in the form of laws and regulations, and the attendant fear of punishment for violators, were necessary to keep people in line. In contrast, those advocating internal controls stress “values and ethical standards cultivated within each public servant . . . [which] encourage ethical conduct in the absence of rules and monitoring systems” (Cooper, 1990, p. 125). The success of deregulation, then, rests on the assumption that if external controls are lifted, internal controls will be successful in regulating behavior and preventing widespread abuse.

What is the likely outcome if the system is significantly deregulated? Reactions will undoubtedly be different from one organization to another. As we have seen above, previous research shows dramatically different levels of abuse even under the heavy hand of the current system. Clear signals from top agency management will be important in establishing behavioral norms in a newly deregulated environment (Luke, 1991).

Widespread political abuse is unlikely. But as we saw earlier, one of the purposes of the current rigid constraints is to enforce “contextual goals.” Whether managers will buy into these goals and act to support them is a much more problematic question, particularly

since most of the incentives for managers are based on their ability to get the core work of the organization done. Certainly, one advantage of deregulation is that it would reduce the hypocrisy rampant in the current system, which espouses noble contextual goals but tolerates manipulative strategies that undermine those goals. This situation produces widespread cynicism about the fairness of the system. But will a deregulated system meet the fairness test? And will it expose newly "empowered" managers to lawsuits from employees who feel they have been treated unfairly? Indeed, Romzek and Dubnick (1994) question whether significant deregulation can succeed over the long term because distrust of government is so pervasive that perceived abuses will lead to calls for reintroduction of controls.

In short, one danger here is moving too far in the direction of deregulation—tossing out useful regulations along with those that are unnecessary, because there are no clear standards indicating which are which. Taking an extreme antibureaucratic and antiregulatory stance, as the NPR does, may make it difficult to strike a healthy balance between flexibility and control, leaving both managers and employees adrift without adequate guidance on appropriate behavior.

Impediments to Cultural Change

One of the central themes of this work is that constraints on managers lie not only in the formal structures and systems of rules and regulations but also in the culture of the organization and within managers themselves. The issue of culture, then, is central to any reform effort. Many managers have been socialized into what I referred to in the Introduction as a "culture of control," where their freedom of action is circumscribed both by formal regulations and by hierarchical control (Lane and Wolf, 1990). Simply loosening the formal controls will not turn them into "Gulliver unchained," springing into action to make use of newfound authority. Unlearn-

ing years of habits will probably be a gradual process for many—one that will need to be supported by change in the whole underlying culture.

Because of the differences in existing cultures that this research has documented, organizations are not all starting from the same place in implementing reforms. Therefore, structural and regulatory reforms need to give agencies considerable flexibility in deciding how to restructure control systems to fit the particular organization's needs. Just as one-size-fits-all regulations were unresponsive to organizational differences, so standardized reforms may also miss the point.

Many of the calls for culture change are based on the assumption that reformers outside the organization or top leaders within it can shape an organization's culture at will. In fact, this would be strongly contested by many experts on organizational culture, who see culture as something that grows organically from within over a long period of time and is thus, at best, only minimally subject to conscious manipulation by top leadership (Trice and Beyer, 1993). While others (Deal and Kennedy, 1982) see culture as much more malleable, most scholars would agree with Sathe's assertion (1985) that "a radical change in the content of a culture is more difficult to accomplish than is an incremental change, and cultural resistance to change is greater in a strong culture than in a weak culture" (p. 243).

Let us look at the specific content of the culture changes proposed for the federal government and at the strategies proposed for managing the process of culture change. The reforms proposed by the NPR are quite eclectic, influenced by a range of sources, including the work of Osborne and Gaebler (1992) and government reforms abroad, particularly in Great Britain, Australia, and New Zealand (Kettl, 1994). Many of the changes proposed have their origins in recent reform efforts in the private sector, particularly Total Quality Management (TQM), participative management, and labor-management relations. The language used emphasizes private

sector values, such as entrepreneurial behavior and customer service. And the values are strongly antibureaucratic, with a heavy emphasis on "empowerment" of lower-level managers and rank-and-file employees.

There are obvious connections between the efforts to delegate and deregulate and the process of culture change. Both call for opening up rigid, encrusted bureaucracies and moving toward more flexible organizations that foster creativity and reward innovation. But the key to both aspects of reform is managers. And what is missing is a clear vision of the role of managers in the future. On the one hand, they are being given more authority in personnel and budgeting. On the other hand, they are being asked to share authority with their employees via the quality and labor-management partnership processes—a major culture change for traditional hierarchical bureaucracies (Ban, 1994b). It is not surprising that many managers are confused about what this will all mean in practice. The stress and confusion will be even greater for first-line supervisors who are worker-managers or pseudo-supervisors. These changes may require major rethinking of the managerial role and of whether it is still possible to ask people to continue to be technical specialists while taking on supervisory responsibilities.

To what extent are managers likely to accept or support the new culture? A central aspect of the proposed changes is the quality movement. Certainly, some parts of government are successfully implementing TQM programs, but other agencies are struggling to get off the ground (Radin and Coffee, 1993). Still others, including some in this study, began the quality process with enthusiasm but have since faltered (Ban, 1992). In fact, one manager told me that his agency's total quality effort had been superseded by the push to reinvent government, so the relationship between the two is far from clear. While the proponents of TQM make sweeping claims for what it will accomplish, to date there is little hard data about its actual impact on efficiency, effectiveness, or staff morale. And managers who have survived the planning-

programming-budgeting system (PPBS), zero-based budgeting (ZBB), and quality circles are cynical about yet another management reform (Radin and Coffee, 1993).

But TQM sends very mixed messages to managers about how they are valued and what role they are to play. At the extreme, it is based on a value system that sees most people as wanting to do good work but as being hampered by poor management. Indeed, W. Edwards Deming, originator of TQM, has been quoted as saying that 80 percent of employee problems are actually caused by poor management. But this assumes that people stop being smart and motivated when they cross the line into management—a strange assumption indeed. Further, the thesis may also be based on an overly rosy view of employees. While many will thrive on the challenges of a more participative workplace, others will continue to be problem employees. How will a manager identify and deal with them in the new environment if there are no individual performance appraisal systems and if decision making is participative? Again, it is critical that the responsibility and authority of managers be clear.

Many of the values espoused by the proponents of culture change are directly antithetical to some agencies' traditional values. Organizations that already have some elements of an ad-hocracy culture will find it easier to move to the fluid, decentralized entrepreneurial style advocated by the NPR. But those with the most traditional hierarchy culture are likely to find this a very difficult process. Further, managers used to defining their roles as largely or entirely internal will have trouble taking on the entrepreneurial role envisioned by the reforms. But the NPR does not have a very sophisticated model for changing organizational culture. The approach appears to rely on heavy doses of exhortation and symbolism (such as Vice President Gore's "hammer awards" to "reinvention heroes") combined with training designed centrally and delivered through a training of trainers model (Ban, 1994b). But this is only a first step. Most works on culture change see that

change as a multistep process involving considerable effort over a long period of time and with a considerable risk of failure (Wilkins and Patterson, 1985). Simply offering training on new approaches is unlikely to change behavior or underlying cultural values; it must be accompanied by changes in the organization's reward system or incentive structure (Sethia and Von Glinow, 1985). The National Performance Review envisions a reward system based on measurable outcomes, but many organizations will find this very difficult to implement (Franklin and Ban, 1994).

Conflicts between the different strands of reform may also cause implementation problems. One of the most obvious of such conflicts, as we saw in Chapter Seven, is between the call for budgetary deregulation, including the abolition of personnel ceilings, and the promise to cut over a quarter of a million federal employees. Whether or not ceiling controls are actually lifted at some time in the future, the NPR reformers face the dilemma of how to change organizational culture while simultaneously shrinking the size of the organization. One of the central themes of the NPR is the need to empower employees and lower-level managers and to encourage creativity, risk-taking, and innovation. But, as we have found, cutback management puts great strains on managers, particularly first-line supervisors, who are stretched thin, forced to pick up more of the hands-on work, and at serious risk of burnout. At the same time, rank-and-file employees are uncertain and fearful of the future. These are hardly ideal conditions in which to encourage people to stick their necks out by taking greater risks. Nor do managers in these conditions have the time and energy to be creative. Further, RIFs can put great strain on the existing culture, undermining employees' trust in and loyalty to the organization.

The strains of dealing with NPR cutbacks are particularly severe for managers, since they are a primary target of the cuts. The NPR called for a "delaying" of the government by means of reductions in excess levels of middle management; however, it did not specify which levels were unnecessary. As a result, most managers felt

threatened, and many became cynical or downright hostile to the reforms (Ban, 1994b; Kettl, 1994).

The process of delayering now under way, in which agencies are being asked to reduce both the total number of managers and the number of managerial levels could, in theory, provoke some careful thought about how many managers are really needed, what functions they should perform, and what skills they require. But the process thus far is being managed in haste, with agencies pressed to meet arbitrary numerical targets, and has not provided a vehicle for such careful analysis (Kettl, 1994).

Delayering could also help agencies deal with the sometimes serious problem of worker-managers and pseudo-supervisors by leading to a clarification of the line between supervisor and non-supervisor—particularly if it is accompanied by clearer delegations of authority down to lower levels of management. But again, a number of agencies are doing the opposite. Rather than clarifying roles, they are further confusing them by retitling first-line supervisors “team leaders,” though without any substantive change of duties. Consequently, people who are no longer classed as supervisors are still directing work and conducting performance appraisals (Ban, 1994b).

There are also serious conflicts between the threat of cutbacks and the implementation of TQM, which requires a culture of trust. It is tough to change the organizational culture at a time when there are major changes going on in the regulatory environment and even the agency structure, but it is particularly tough when people fear that if they do too well in implementing the cultural change, they might eliminate their own jobs. In short, cutbacks targeted at managers, not surprisingly, make them insecure and leave them wondering how long they will continue to be needed.

Further, as we saw, the NPR recommendations for movement toward a quality culture call for managers to be held responsible for results. This raises a number of difficult questions. How will results be measured, and who will establish the criteria? It is important to

remember here that one reason government managers have relied so heavily on process controls and measurement is that much of what government does is difficult or impossible to measure or monitor (Wilson, 1989; Swiss, 1992). And who will actually be measuring results and holding managers responsible if the ranks of midlevel managers are reduced and the traditional oversight offices are shrunk? Will evaluation offices need to be set up or expanded to monitor individual or programmatic outcomes?

Finally, a narrow focus on outcomes has some risks for a changing organizational culture. As some businesses have found to their sorrow, rewarding people for results alone may foster a culture that, in effect, says, "I don't care how you do it (or the ethical corners you cut). Just get it done."

As we have seen above, while cuts in government were included in the NPR at least partly for political reasons, they were justified on the basis of deregulation and restructuring, which would reduce the need for both managers and oversight staff. But Congress has been all too willing to adopt the politically palatable half of this program—namely, the cuts—without making the regulatory changes on which they were based. This is potentially disastrous. As the National Academy of Public Administration (1994) said in an appraisal of the NPR, "To take the personnel cuts and not make the systems changes could result in a reduced, and perhaps altogether inadequate, capacity to operate those frail and complex systems, let alone successfully reinvent them" (p. 37).

In short, the future for federal managers is unlikely to look quite like the current picture presented in this research. There is a potential for dramatic change that would solve many of the problems caused by the constraints described here—change that would really unchain Gulliver. Managers could be freed from the web of formal controls; at the same time, positive organizational cultures could be developed and the traditional bureaucratic culture of control could be sloughed off. But there is a real danger of reform going awry, either because reform efforts fail to win political support or because

loosening constraints in an environment that is hypercritical of government results in a loss of legitimacy and a perception of abuse. Under these circumstances, the pendulum could swing back to a reliance on external controls, and Gulliver could find himself back in chains.